JSC
RESTRICTED 097.3
Z1092
2106/44

OFFICE OF STRATEGIC SERVICES

Research and Analysis Branch

R & A No. 2106

CONTROL OVER DISTRIBUTION OF INDUSTRIAL MATERIALS AND PRODUCTS IN GERMANY

Description

This report deals with methods employed in Germany for control of production and distribution of industrial materials and products. A general section is followed by description of control methods in a dozen selected industries.

12 July 1944

Copy No. 76

RESTRICTED

TABLE OF CONTENTS

	Page
Summary	iv
I. General Description	1
A. Central Agencies	1
B. Delimitation of Controls According to "Steering Spheres"	2
C. Organization of Controls within a "Steering Sphere"	4
D. Role of Regional Agencies	9
1. Steering of Orders	9
2. Organization and Control of Production	9
3. Distribution of Industrial Materials and Products	10
E. Control over Production	10
F. Control over Distribution	11
1. Allocation of Global Quotas for Basic Products	11
2. Distribution of End-products	14
II. Controls in Selected Industries	18
A. Coal	18
1. Agencies and Organizations	18
2. Quotas	18
3. Allocation for Industrial Purposes	19
4. Allocation for Non-industrial Purposes	21
B. Iron and Steel	23
1. Agencies	23
2. Iron and Steel Production	26
3. Distribution of Iron and Steel Semi-products	28
4. Foreign Trade in Iron and Steel Material	32
C. Nonferrous Metals	34
1. Principles of Control	34
2. Allocation of Raw Material	34
3. Distribution of Nonferrous Metals	36
4. Foreign Trade in Nonferrous Metals	37
D. Metal Goods, Machinery, and Allied Products	38
1. Manufacturing Quotas	38
2. Technical Products	38
3. Machinery	40
4. Products of the Electrical, Precision Tool and Optical Industries	41
E. Building Materials	42
1. Central Agencies	42
2. Quota Claimants	44
3. Building Licenses	45
4. Building Priorities	46
5. Allocation of Materials	46
6. Special Types of Construction	48
a. Wooden Barracks	48
b. Permanent Barracks	49
F. Mineral Oils	50
1. Agencies and Organizations	50
2. Organization of Control in General	51
3. Special regulations	51
a. Motor Fuels	51
b. Lubricants	52

c. Kerosene..... 53
d. Benzol..... 53
e. Bitumen and Asphalt..... 53
f. Paraffin and Vaseline..... 53
g. Tar and Tar Products..... 53
G. Chemicals..... 54
1. Agencies..... 54
2. Distribution of Products in General..... 54
3. Special Methods of Distribution..... 56
H. Paper..... 56
1. Agencies and Organizations..... 56
2. Distribution of Raw Materials and Products. 57
a. Pulpwood..... 57
b. Cellulose and Woodpulp..... 58
c. Other Raw Materials..... 58
d. Paper and Cardboard..... 58
e. Paper Goods and Printed Matter..... 59
I. Leather..... 59
1. Agencies and Organizations..... 59
2. Leather Production..... 60
3. Leather Distribution..... 60
4. Shoe Production and Distribution..... 62
J. Textiles..... 63
1. Agencies and Organizations..... 63
2. Production and Distribution of Raw Fabric.. 65
3. Distribution of End-products..... 66
a. Global Quotas..... 66
b. Civilian Supplies..... 67
c. Point Check Accounts..... 67

Summary

The first part of this report describes the organization of controls over the German industrial economy, especially the relations of Speer's and Funk's agencies; the delimitation of controls according to "steering spheres" and the organization of controls within a "steering sphere." Special attention is given to the changes in production control in numerous industrial branches following the reform of autumn 1943, and to the role of regional agencies in steering of orders, control of production and distribution. Control over industrial production and its technique is described as necessary to give a picture of agencies and their functions, and of the basic conditions for efficient control of distribution.

The chapter dealing with control over distribution describes the allocation of global quotas for basic products. By this method the central agencies achieve overall distribution of end-products without following the material all the way through the production process. The various techniques employed in the distribution of end-products also are described.

The second part contains information, more or less detailed, as to the agencies and organizations in charge, the allocation of production materials, and the control and technique of distribution of the end-products in each of the following industries: coal; iron and steel; nonferrous metals; metal goods (technical products); machinery; electrical, precision tool, and optical industries; building materials, including construction of barracks; mineral oils; chemicals; paper; leather and textiles.

CONTROL OVER DISTRIBUTION OF INDUSTRIAL MATERIALS AND PRODUCTS IN GERMANY

I. GENERAL DESCRIPTION

A. Central Agencies

Top controls over all industries, whether producing primarily for the military economy or for the civilian economy, are concentrated in the hands of Albert Speer, Minister for Armaments and War Production and Commissioner General for Armament Tasks and War Production under the Four-Year Plan. The various production processes, and the industries performing such processes, are classified and subsumed under different "steering spheres," in the charge of National Commissioners, National Boards or National Associations. The planning activities of the latter agencies are coordinated by the Planning Office (headed by Hans Kehrl) attached to the office of Speer as Commissioner General for Armament Tasks. The National Commissioners and National Boards are appointed by decree of the Ministry of Economics issued in agreement with the General Commissioner for Armament Tasks, Planning Office.

In the offices of the National Commissioners, National Boards, and National Associations, tentative production and distribution plans are worked out, based on the volume of raw materials available and on the requests for civilian consumption and export purposes. These requests are represented by the Ministry of Economics under Funk who control all consumption outside of the armament sector. When the plans have been drawn up they are coordinated with the plans worked out with the assistance of the Main Committees for production of military supplies, and are then submitted for confirmation to the Ministry for Armaments and War Production.

In this Ministry are six production offices exercising top control within their respective fields:

(1) The Raw Materials Department (under Kehrl, of the Planning Office).

(2) The Consumers' Goods Department (Seebauer).

(3) The Armament Supplies Department (Schieber).

(4) The Technical Office for Finished Combat Materials (Saur)

(5) The Building Construction Department (Dorsch)

(6) The Power Supply Department (Schulze-Fielitz).

These production offices have complete authority with respect to the direction, organization, and overall control of industrial production.

Governmental regimentation of production and distribution is based on the decree of 11 December 1942 on the Traffic in Goods (Warenverkehrsverordnung) and on the decree of 16 October 1942 on the Provision of Necessary Goods which sanctions orders issued to a manufacturer to produce certain articles (Kriegsauflagenprogramm). The distribution of control powers among central and functional agencies is based on the decree of 2 September 1943 on Concentration of the War Economy.

The Minister for Armaments and War Production (who on 1 November 1943 assumed powers held formerly by the Minister for Economics) is authorized to supervise and regulate the traffic in goods and specifically to issue regulations covering acquisition, distribution, storage, sale, consumption, and production.

B. Delimitation of Controls According to "Steering Spheres"

Governmental control over industrial production and distribution in Germany originated in the import-control established in 1934. Certain "Supervisory Boards" (called since 1939 Reichsstellen- National Boards) were set up, which issued foreign-exchange permits required for the importation of merchandise.

The jurisdiction of a board covered specified classes of raw materials, and included control over the domestic distribution and consumption of such goods. Raw materials were allocated in such a way that a firm was restricted in its consumption to a percentage of the supplies purchased during a specified previous period (Referenzperiode).

In 1937, to secure an adequate supply of steel for important needs, priority ratings and quotas were established for the distribution of iron and steel products. The results were not wholly satisfactory, and proved even less so when the system was extended to other materials. A main difficulty was the impossibility of assuring simultaneous delivery of all the materials required for a specific project.

A method was devised therefore (applied first only in the building trade) of allocating all materials from a single point, through an agency entrusted with the global quota for the entire trade. This system was applied generally when it became apparent that overall planning of production and distribution was necessary for all branches of German industry. Control over the processing industries, however, proved to be beyond the competence of the National Boards. Various other agencies, such as Special Commissioners and Economic Groups, were charged with this task.

The result was that numerous agencies came to share control over a given industry, which caused the greatest confusion. To remedy this situation a reorganization was carried through in 1942 according to which controls would be coordinated by reference to a group of end-products or a typical semi-manufactured

product. The sum total of controls relating to a given end-product constitutes a "steering sphere," the administrative center of which is in most cases a National Board.

Spheres covering the whole manufacturing process, from the material to the end-product, have been set up for chemicals, fuels, industrial fats, rubber, glass, paper, and printing. In a few cases two spheres, or groups of spheres, cover the entire field, namely: textiles and clothing; leather and shoes. The spheres timber, stones, and minerals supply material for timber constructions and building. Iron production, and iron and metals supply material for the spheres of mechanical engineering, electrotechnical industry, precision and optical instruments, and technical products. The spheres for coal, potash, and salts cover only the production of the raw material and possibly the first manufacturing stages. Independence of a firm in one sphere from agencies belonging to another sphere is secured by concentrating allocation of all production-materials necessary for a specific industry in the hands of the organization to which it is responsible.

C. Organization of Controls within a "Steering Sphere"

In specific industrial spheres (Lenkungsbereiche) the authority of the Minister for Armaments and War Production is delegated to National Commissioners (Reichsbevollmaechtigter). A National Board (Reichsstelle) or other agency is used as an executive office. A National Association also may be placed in charge of a steering sphere. The superior agencies in turn may appoint units

of the corporative organization of the industry (such as a Trade Group, Branch Group, etc.) or cartels, syndicates, or other associations for regulation of the market as special control agencies for particular industrial branches. These special control agencies, called (Bewirtschaftungsstellen) operate on their own responsibility, subject to supervision by the Commissioner.

The powers of a control agency are circumscribed by the decree establishing it. Control and regimentation powers cover all dealings in the commodity in question subjecting to regulation firms which are not even members of the particular industrial group or cartel, but which handle the specific commodity. Regulations of a general character must be approved by the Commissioner, who retains the power of imposing fines for contraventions of orders issued by the control agency. A control agency may establish direct contact with another agency inside the same sphere, but contacts with agencies outside of the steering sphere must be made through the office of the National Commissioner. The Minister issues orders to control agencies through the intermediary of the National Commissioner to whose sphere they belong. The powers of a control agency may include:

a) in the field of production control:

The preparation of production plans for the central planning agency;

The putting into operation of approved plans;

The regulation of types and kinds of goods to be manufactured;

The issuance of production directives (Herstellungsanweisungen); and the allocation of materials to the plants;

b) in the field of distribution;

The direction of the sale of products; and the issuance

of obligatory requests to plants to make specific deliveries (steering of orders).

The basic idea of the reform of 1942 was to combine all control functions over an industry in one hand so that each plant would have to deal with only one agency, preferably a self-governing organization of the trade. Complete supervision of all activities of a control agency was entrusted to the National Board or Association as the highest functional agency. This reform had not been completely carried out when, in the autumn of 1943, supreme control over industrial production was transferred to Speer, who immediately undertook a new reorganization. Speer deprived the National Boards of their powers over production, transferring such functions to the Economic and Branch Groups. This step was basically in line with principles previously accepted; the only new feature was the placing of these control agencies under the immediate direction of the Ministry for Armaments without interposition of the National Boards. The organization of Production Committees, under the Economic Group, to assume charge of raw-material allocation and production control, was a minor change in form.

In line with the principles of Speer's 1943 reform, the overall production program (outside of armaments) established for each industry by the central agencies is now put into operation and supervised by the Economic or Branch Group concerned. The group, acting as a rule through a Production Committee, proceeds on its own authority in respect of civilian goods and general implements, and under delegated authority where production of military supplies is involved. Powers in the latter instance are derived from the Main and Special Committees

and Rings (under the Ministry for Armaments) responsible for the organization of armament production. The heads of the Main Committees are usually appointed as heads of the Production Committees in the Economic Groups, and in this way the activities of the latter are brought fully in line with the demands of the war production proper. As a rule, the services of the Economic Groups are utilized by the Committees and Rings to implement the production directives through allocation of materials to plants engaged in filling war contracts. The Production Committees and the Main and Special Committees or Rings establish a production program for each plant under their jurisdiction, distribute public orders (usually with the help of an order steering office), furnish plans showing how much materials are needed, and allocate either directly or with the help of the Economic Group such materials out of global or "chief" quotas available. They supervise industrial manufacture and assist the rationalization of plants and standardization of products by concentrating production on a limited number of types.

Control over distribution was not disturbed by Speer, but was left in the hands of the National Commissioner (National Board) or of the sub-agency appointed by the latter. Until the summer of 1944 the reorganization had been thoroughly carried out, only in a few industries, among others the leather industry and the construction of permanent barracks. The latter industrial branch is organized like an armament industry with a special committee controlling production; allocation of the product (barracks) is handled by an agency with functions comparable to those of the National Boards.

In many spheres the National Boards still seem to retain some functions in the field of production control. The National Associations (Reichsvereinigung or Gemeinschaft), which in certain instances combine functions held by the National Boards with those held by the Economic Groups, were not affected by the reform of 1943, except that so far as they exercise control over production they are subordinated to Speer instead of Funk.

As a result of the repeated but not consistently applied changes of organization principles, the distribution of control powers and the technique of allocation of materials and products applied in the different spheres vary considerably. The present arrangement reflects historical facts, such as the degree of cartelization in individual industries reached even before overall control of production and distribution became necessary, preferences of the persons who hold the leading positions in the spheres, economic and technical conditions which make it necessary to develop for certain industries special methods of control, and, last but not least, the great pressure under which the German economy has been operating since air warfare was intensified and military defeats began to accumulate. To insure maximum efforts in individual production branches, special commissioners or agencies often were given wide powers to decide over production and distribution without interference, in detail, from central government agencies. This was an additional complication. The pressure of the military situation also has contributed to the transferral of government control powers into the hands of industrial leaders, heads of groups, cartels, etc. This was done with the object of assuring their fullest cooperation,

reducing the amount of work done directly by government agencies and achieving higher efficiency in industrial production.

D. Role of Regional Agencies

1. Steering of Orders. The order-distributing sections of the functionally organized Economic and Branch Groups, Special Committees and Rings, and the regional "Bureaus for Directing Orders" attached to most Gau Economic Chambers, cooperate in the steering of public orders. The economic chambers have detailed knowledge of the capacity of every important plant in their district and to what extent it is used, the labor situation, available machinery, etc. This enables them to act as local agents of the central steering agencies and to assist them efficiently in the distribution of armament orders on the independent responsibility of the industry. In addition, several bureaus have set up a joint adjustment service for sub-contracts.

2. Organization and Control of Production. Regional agencies (called groups, delegates, chiefs, contactmen, etc.) are employed, especially in industries which are scattered over the country, such as building. In each armament district a Building Commissioner represents the central government agencies and Gau deputies fulfill local tasks for the Main Committee "Construction" which organizes construction activities important to the war effort. The Armament Chief (Rüstungsobmann) acts as local representative of the Committees and Rings. He cooperates closely with the Gau Economic Chamber and uses its industrial department as his business office. The Armament Chief often is head of the industrial department of the Economic Chamber[1].

1. Deutsche Bergwerkszeitung, 31 March 1944.

3. Distribution of Industrial Materials and Products.

The National Board may refrain from employing local agencies where the consumers of the material belong to specific industrial branches and are organized in functional groups which can be entrusted with the distribution of a global quota. This method is used for hides, raw leather, rubber, textile fibre and yarn, iron, nonferrous metals, etc. For other materials, used by a great number of consumers and especially in the distribution of end-products for civilian and agricultural use, regional agencies are employed. Control functions are exercized by:

County and municipal authorities acting as provincial and local Economic Offices (Wirtschaftsamt);

Peasant Associations (Bauernschaft);

Gau Economic Chambers (Gauwirtschaftskammer).

The Gau Economic Chambers allocate various goods for industrial consumption, especially coal, liquid fuels, and electric power. Functional and regional organizations share in the control over certain goods (e.g. wood). The regional organizations, which act as distribution centers, are holders of a quota established to cover the needs of the consumers under their jurisdiction. For certain articles the jurisdiction of these organizations may even include government agencies, for example, in regard to purchases of certain hardware goods that are subject to purchase certificates.[1]

E. Control over Production

Production is regulated in two ways:

(1) indirectly, through allocation of raw and other materials in line with the official production program, strengthened by imposition of conditions and other regulations regarding their use;

1. Kieler Zeitung, 16 March 1944.

(2) directly, through issuance of general and special directives as to what should be manufactured and how it should be done. At the outset, production was regulated only by imposition of conditions (Auflagen) on the use of merchandise for which an import or consumption permit was issued. The scope of such regulations was extended by general requisition (Beschlagnahme) of certain materials and subsequent licensing of consumption. This form of control is still in use, especially in regard to chemicals. Consumption of numerous materials for non-important uses was prohibited by special orders (Verwendungsverbot and Herstellungsverbot). Positive directions were later issued specifying kind and quantity of materials to be used for manufacturing of certain goods (Werkstoffeinsatzlisten), especially materials used in the iron and metal industry. Directives as to the method of manufacturing and the product to be made (Herstellungsvorschriften) and standardization of merchandise (Normungsvorschriften) are most numerous in the field of electrotechnical production, but common also in other branches. The strictest form of regulation is the production order (Herstellungsanweisung), which imposes the duty of manufacturing specific products out of specific materials (for example in the textile industry). Special license is necessary for production of an increasing number of articles, and the manufacture of others has been prohibited altogether.

F. Control over Distribution

1. Allocation of Global Quotas for Basic Products.

Distribution of an industrial material or product (except armament material) is controlled by a National Board and its sub-agencies, or a National Association, in accordance with the distribution plan (Bewirtschaftungsplan)

approved by the Ministry for Armaments and War Production. Central regulation of the class of products which are within the jurisdiction of the National Board for the most part is only carried to a stage of the manufacturing process at which the product is still comparatively uniform, such as leather, paper, and woven fabric. This "basic" product is allocated from a central point in global quotas to government agencies, to processing industries and for civilian consumption. The quantities of end-products consumed by the various groups of consumers are thus controlled indirectly. The central agency refrains if possible from following the material all the way down the production line to the end-product. Control is simplified by the fact that only the total needs of the consumer groups and end-uses have to be taken into account. The Board determines how much of each product will be manufactured and sets up a distribution plan, but is largely relieved from direct allocation and control tasks by the sub-agencies inside the sphere and the quota holders outside.

The quota claimants may be classified in three groups:

1) "Chief claimants" (Hauptbedarfsträger), i.e., armed forces, Party, labor service, railroads, post, etc.

2) Groups of industrial firms that are large consumers of the specific material and hold global quotas to cover their needs.

3) Governmental agencies or self-governing bodies representing civilian consumption, and, in a few cases, industrial needs.

The classification of a specific consumer into one of these groups of course is not uniform in all fields of production. It varies according to conditions in the particular industry. The way in which the municipalities cover their various needs furnishes a good example. Their top organization, Deutscher Gemeindetag, holds a steel quota to cover needs of steel and steel products for repairs and renewals. Actual allocation to the individual municipalities is handled by the Eisenverteilungsstelle für Gemeinden und Gemeindeverbände (Iron distributing office). The Gemeindetag also holds a timber quota, textile and shoe quotas for work clothing of municipal employees, and a quota for flashlights. On the other hand, gasoline for public utility plants is provided for by the Economic Groups; medicaments for municipal hospitals by the Deutsche Krankenhausgesellschaft (German Hospital Association), a branch of the Gemeindetag.[1] The chief claimants receive a quota for nearly all of the basic materials (such as iron, nonferrous metals, textiles, leather, paper, rubber). They are free to decide in what way the quota will be divided for their various needs. The usual procedure is to make the quota-allocation of the end-consumer available to the supplier or contracting firm. Thus all products made from a specific material and purchased by a chief claimant are charged against his quota. Exceptions are articles for the production of which there are independent manufacturing quotas: purchase of these (electrotechnical products, for example) does not entail the surrender of claims on raw materials (iron and metals).

1. Deutsche Bergwerkszeitung 16 March 1944.

Allocation of materials for the manufacture of armaments is directed by the Committees and Rings which organize the production of the particular end-product or component. Materials and products used in the manufacture of general implements and of civilian goods are allocated in the form of global quotas to Economic Groups, cartels or similar associations of the processing industries, and distributed by them, on their own authority among the plants which they represent. Exceptions are hard and liquid fuels and electric power which, even for industrial consumption, are distributed under supervision of regional agencies.

Materials and end-products consumed by civilians, farmers or in small quantities by other consumers, are distributed under the control of regional agencies.

2. Distribution of End-products. Control of distribution and consumption is simplified by the steering of production. This in itself eliminates many undesired consumers. In addition, the ultimate use of an article may be determined by restricting the types manufactured. If an article can be used only by a specific industrial branch, the production volume of which is controlled anyway, control of allocation is reduced to a simple Consumer's Declaration (Verbrauchererklärung) which reiterates the legal obligation of the buyer to use the merchandise for war-important purposes. No other restrictions are imposed. This method is used especially for technical rubber and leather goods. If it is desired to reduce the volume of consumption of each buyer and especially to induce him to use an ersatz material, the article is rationed through quotas. This method is used for distribution of basic materials (iron, timber, nonferrous metals, etc.) among the

main consumers, leaving to them the decision as to which particular end-products to manufacture. A quota-claimant whose claim has been allowed, and who has been allotted a determinate quota, is entitled to transfer his right to a portion of the commodity by means of a "commodity-check" (Warenscheck, also called Schein, "certificate"). Quota-allotments are recorded by a central accounting agency which debits the claimant for the volume (Kontingentgewicht) represented by the commodity-check given by the claimant to his supplier. The latter in turn obtains the release of allocated material to his own supplier by means of a "transfer-certificate," retaining the commodity-check in his files for reference purposes. This check system is used for the distribution of iron and nonferrous metals, leather, textiles and timber. Small quantities of iron are supplied against iron-stamps, and stamps are employed generally in the distribution of certain liquid fuels. Where it is not possible to discriminate between war-important consumption and non-important consumption by one of the methods described above, individual controls of consumption are imposed. This is done by appointing a special control agency to check on requests for allocations submitted by consumers and to issue purchase-permits to consumers whose applications are approved.

The name and form of the permit varies considerably. It is planned to make this method uniform through a more general utilization of "universal-checks" (Universalscheck) described in the decree of 20 November 1943. The uniform method of application and allocation will be used to distribute raw and auxiliary materials consumed in the manufacturing process, but not to distribute consumers goods. A National Commissioner will decide which articles should be distributed by means of universal-checks

and which agencies will handle applications and will certify the checks. An intention is expressed of publishing a list of goods distributed by means of universal-checks as a Universal-catalog. In the application for a check there must be specified the purpose for which the material is to be used, the quantity needed during a given period, and the volume of stocks held by the applicant, including purchase-rights not yet exercized. The issuing agency may impose stipulations regarding the use of the material. The rights of the beneficiary are transferred to his supplier, and from him to the producer, by handing over the original check or by issuance of a transfer check or of stamps. Universal-checks have been introduced in the distribution of mineral oil products and a few other articles. The RtE-checks[1] used for distribution of hardware and similar articles are much like the universal-checks. The basic difference between universal and commodity checks is that the former are issued on the basis of an individual application and investigation of the need, whereas the issuer of an iron or timber-check disposes of a quota allocated to him to cover all his needs during a given period. The most rigid form of control is achieved by the "cemented" distribution. Supplier and customer are assigned to each other and type of supplies and volume are specified by individual order of the control agency or in delivery lists confirmed by it (for example, in the chemical industry).

The extreme flexibility or lack of consistency is a striking feature of the whole system. A single commodity may be allocated by several different methods. Large consumers often will receive quotas which can be drawn on freely,

1. RtE stands for Reichsstelle technischer Erzeugnisse.

while others must go through a complicated procedure of applications for each allocation. A National Commissioner has complete freedom to decide which allocation-method is suitable for the specific situation in his steering-sphere of for the particular branch of industry with which he is concerned. Even where a uniform method of allocation has been adopted, such as the system of "iron-checks," the method is not applied without exceptions. Special methods are countenanced for particular purposes, such as the use of consumer-certificates and universal-checks for the distribution of ironware. In 1944 a special Commissioner for Regulating Devices was appointed to work out some sort of standardization of allocation-techniques employed by the numerous agencies.

II. CONTROLS IN SELECTED INDUSTRIES

A. Coal

1. Agencies and Organizations. The National Board for Coal (Reichsstelle für Kohle) controls the distribution of coal for industrial and home consumption. All coal producers, coal dealers and their trade organizations are members of the National Association "Coal" (Reichsvereinigung Kohle). The main objectives of this super-cartel are: direction of sales, regional organization of the industry, adjustment of conflicts between syndicates or members, coal-transportation planning, cooperation with the government in international trade discussions and participation in international cartel agreements. The Association has the power to issue binding orders to its members. The coal producers are also organized in regional syndicates, which are primarily sales agencies of the mines, but have also been appointed distribution agencies of the National Board, and exercise control functions on its behalf.

The coal trade is functionally classified into retailers, wholesalers (who supply retailers), pre-suppliers (Vorlieferer, who supply wholesalers) and the main suppliers. The main suppliers are the syndicates, the importers, and the mines as far as the latter, in exceptional cases, sell their coal without help of a syndicate. The main suppliers have been entrusted with important control functions with respect to distribution. The syndicates occupy a key point in the control system, especially since they have detailed information as to the coal consumption of each plant and the coal sales of each retailer in their district.

2. Quotas. The National Board, in accordance with directives of the central government agencies and in cooperation with the National Association "Coal", establishes coal quotas

for consumers or consumer groups, and issues corresponding instructions to the coal distribution agencies. Regulations regarding coal distribution mostly are issued with validity for one "coal economic year," that is, a twelve-month period beginning 1 April. The country is divided into consumption areas, for each of which a certain quota, subdivided according to types of coal, is allocated by the coal syndicates. In their function as distribution agencies the coal syndicates control and regulate in their respective areas the distribution of coal and also coal consumption in plants owned by coal producers. Further distribution of the territorial quota is basically in the hands of the Regional Economic Offices which employ the services of Economic Chambers for control of industrial coal consumers, and of the local economic offices for allocation of domestic fuels. Export of coal is in the hands of the National Association "Coal " and of its constituent syndicates.

3. Allocation for Industrial Purposes. Industrial and trade enterprises consuming more than twenty tons of coal per month are required to submit monthly reports regarding their fuel consumption, showing especially type, grade and origin of fuel used, quantity received, method of transportation, stocks of coal, actual consumption during the month, and anticipated consumption for the next two months. Other information requires location of plant, code number of the firm as established by the Economic Chamber, name of Regional Economic Office and the industrial "group" to which the enterprise belongs. Copies of the report are sent to the coal distribution agency, the Regional Economic Office, the economic chamber and the coal supplier of the enterprise. The supplier forwards all reports received from his customers to his own supplier, and so on, until they reach the main

supplier, which as a rule is the coal syndicate acting also as the distribution agency.

Plants operated by the Army, the Reich and its subdivisions, municipalities, etc., are not exempt from submitting reports. On the other hand, no reports are required of the Reichsbahn, slaughter-houses, hotels, restaurants, hospitals and similar institutions, shops, small craftsmen or industrial consumers using less than twenty tons of coal monthly.

Enterprises subject to reports may purchase coal and be supplied only to the limit fixed in the Höchstmengenfestsetzungsbescheid (decision on maximum quantity). This document is issued to the firm by the regional economic office, pursuant to instructions of the National Board. The decision is based on the firm's reports and its request for coal allocation, in which year-around consumption is described. The request is checked by the economic chamber or sometimes in industrial groups, and a recommendation is submitted to the regional economic office. The decision fixing the maximum quantity authorizes the firm to purchase and consume during a given period the quantity allowed. Originally coal could be ordered from any dealer, but the syndicate now designates for each firm a source of supply, in order to assure that the nearest available source is used and that transportation is reduced to a minumum.

The distribution agencies receive a copy of the "decision" as well as reports on all deliveries. The regional offices keep a check on the coal supply of local plants, especially of armament factories, and report on the situation to the National Board, suggesting which plants should receive priority.

Consent of the Regional Economic Offices must be procured before a plant consuming more than twenty tons per month may be constructed or put into operation, or a plant be reconstructed so that its coal consumption exceeds this total. If more than fifty tons monthly is needed, the case must be submitted to the National Board. Consumption of coal in steamships (bunker coal) is subject to special provisions. Consumers using over 500 tons yearly are required to send reports directly to the National Board. Though no details are available as to the coal supplies of the Reichsbahn, it is evident this item is regulated by the National Board directly in cooperation with the coal syndicates and the National Association "Coal."

4. Allocation for Non-industrial Purposes. Consumers of domestic coal are authorized to purchase coal in accordance with regulations issued from time to time by the regional economic office. Certain quotas based mostly on prior consumption, are established for individual consumers, or consumer groups but no one has a specific right to a definite quantity based on a general ration scheme. Retailers supply only those consumers who are entered in their customers' list or who have a national coal-card, issued to persons frequently changing residence. Every household is required to submit a coal form in which among other information is stated, the number of rooms and of persons in the house and the actual consumption of coal. These forms are used as an indication of the amount of coal which should be allotted to their retailer.

The National Board establishes for each coal-economic year a domestic fuel quota prescribing the quantities and types of coal which the main suppliers may distribute in their territories. This quota is distributed by the Regional

Economic Offices among the supply districts. The local economic office, in cooperation with the chairman of the dealer organizations, allocates a basic quota to each retailer based on the needs of his customers as shown in their coal forms and on the volume of his previous business. A copy of the "Grundmengenbescheinigung" (basic quota confirmation) is sent to the main suppliers. At the beginning of the coal year all retailers order from their suppliers a full year's requirements within quota limits. Only orders on special order-vouchers confirmed by the economic office are accepted by the wholesalers, who pass on the vouchers to their own suppliers. The vouchers finally are received by the main suppliers, as a rule before 15 April, and checked against the quota allocation. If a wholesaler is obliged to order from several suppliers, he exchanges the received order-vouchers at the economic office against partial order-vouchers. If a retailer is unable to place his order, the coal distribution agency appoints a supplier to fill his needs. The agencies keep files containing the names of all retailers, quantity and type of coal purchased by them, name of their suppliers, method of transportation, and sales of coal by consumer classes.

Actual delivery of coal to the retailer is made upon his request (so as to assure regular supply of his consumers) and in line with the transportation facilities available. The National Board may order delivery of other fuels than those ordered by the retailer.

In compliance with official requests, most of the small coal dealers formed wartime cooperatives, either by outright mergers of their businesses (all retailers in one locality, or groups of five to ten), or by undertaking some other form of cooperation (such as common storage, common

deliveries etc.). Retail shops were classified as efficient or non-efficient, the latter being closed. Another regulation restricted the number of suppliers from whom a retailer might order coal. The migrations which resulted from bombings made necessary numerous changes in the allocated basic quotas. In the case of small changes the retailers were advised to arrange for transfer of excessive coal quantities rather than demand new quotas. For the coal year 1944/45 obligatory delivery routes were prescribed, based on the expected volume of shipments.

B. Iron and Steel

The production, distribution and consumption of iron, steel, and nonferrous metals is under the general control of the National Board "Iron and Metals" (Reichsstelle Eisen und Metalle). Enterprises engaged in the production of iron and steel, however, are under the immediate control of the cartel Esge (Eisen und Stahlwerksgemeinschaft), a subsidiary organization of the National Association "Iron" (Reichsvereinigung Eisen) which assumed in this field most of the functions of the National Board. Industries engaged in the manufacture of end-products containing iron, steel, or nonferrous metals are grouped into four spheres, namely: technical products; construction of machinery; precision tools and optical instruments; and electrical equipment. The first is headed by a National Board; the second and third by a National Commissioner acting as a National Board; and the last by an Economic Group exercising such functions.

1. Agencies. The National Association "Iron" is a compulsory peak cartel for all stages of the industry, from mining of ore to the production of cast and rolled iron and steel, the manufacture of semi-finished products, and the wholesale and retail trade in ores, alloys, scrap, and iron

steel products. The Association is in charge of planning for the raw material supply of the industry, production, transportation, and imports and exports of iron and steel. It supervises the execution of plans, directs the allocation of raw-materials, regulates sales and sales-agreements of the member firms, fixes prices, and controls cartel arrangements. One of its principal powers is that of entering into cartel agreements with organizations of other countries. The scope of the National Association was so large, however, that it was found necessary to establish a subsidiary organization for iron and steel producers, to which the powers of the Association were delegated: Esge (Iron and Steelworks Association), the subsidiary cartel replaced a number of the former cartels in the industry, including the Stahlwerks-Verband and its affiliated Rohstahlgemeinschaft, and has the specific tasks of organizaing price and sales agreements, regulating foreign trade in steel, and supervising the activity of the syndicates.

The transferral of many of the functions of the National Board to the National Association and its subagencies is in line with the general tendency of the German government to place control in the hands of so-called self-governing organizations where these can be relied upon. The head of Esge is Wilhelm Zangen, of Mannesmannroehren-Werke, leader of the National Group Industry. The head of the National Association is Hermann Roechling, leader of the Economic Group "Iron Producing Industry" and a member of the Supreme Armament Council. Notwithstanding this transfer of functions to the National Association, the National Iron and Metals Board retains many of its prerogatives. The Board remains the agency for determining types and overall volume of production of iron, steel and nonferrous metal products, the extent of the demand to

be satisfied and of the facilities to be made available. Under the direction of Speer's Planning Office, the board coordinates overall requirements for armament purposes as represented by the Main Committees. Rings and other recognized users, and for civilian and export-requirements as represented by the Ministry of Economics. Iron and steel and nonferrous metals are allocated to recognized users in the form of global quotas.

The Board issues orders in various forms. General orders regarding production rationing, etc., are published in the Reichsanzeiger. Special rulings establishing quotas, regulating production, or the like, take the form of directives and circular letters, and are distributed among the members of a group or other trade association, or mailed directly to the persons concerned. Some decrees are issued jointly by the Board and the National Association. Control over nonferrous products is fully in the hands of the Board.

In accordance with general authorizations, the various National Commissioners widely employ Economic and Branch Groups, Sub-Groups, and cartels or similar organizations as executive control agencies (Bewirtschaftungsstellen). Thus the National Association "Iron" appointed the Crude Iron Federation (Roheisenverband G.m.b.H.) as control agency for crude iron production and distribution. A Branch Section of the Chemical Industry and a Trade Group of the Iron Producing Industry were appointed control agencies in the field of metal-alloys. Control powers often are delegated without the formal establishment of a control agency. A great number of regulations governing production and distribution of iron and metal goods, etc., have been issued by the Commissioner (Beauftragter) or War Commissioner (Kriegsbeauftragter) of the various Groups, especially in the

field of steel construction, manufacture of vehicles, etc.

2. Iron and Steel Production. The basic materials used in the production of iron and steel, (i.e., iron ores, scrap iron, coal, alloys,) are allocated to plants by their own trade associations or cartels. These are in accordance with plans set up by organizations on the higher level such as National Association "Iron", the various National Boards and, on the top level, the central governmental agencies. The allocation is not made by documents of a specific form, but by direct orders addressed by the control agencies to the relatively small number of producers and dealers in the respective branches of the industry and trade. Producers and importers of iron ores are compulsory members of the National Association "Iron." The Association thus controls distribution of imported and domestic iron ore and coordinates this with its raw steel production program.

Iron and steel scrap distribution is regulated by joint orders issued by the National Board "Iron" and the National Association "Iron."[1] Firms possessing iron and steel scrap as a by-product or waste-product are obliged to sell it to authorized dealers. Scrap dealers are grouped in two categories, (1) authorized suppliers of steel-mills who are not allowed to purchase small quantities of scrap and (2) dealers supplying the first group who are not allowed to sell directly to the mills. Steel-mills and other consumer may not purchase scrap without mediation of the scrap distributing agencies, of which the most important are the two cartels, Deutsche Schrottvereinigung and the Verein Westdeutscher Schrottverbraucher. The scrap distributing agencies act in accordance with instructions of the National Association "Iron" and of the Economic Group "Foundries", which establish purchase and consumption-

1. Deutscher Reichsanzeiger, 21 December 1942 and 4 January 1943.

quotas for iron and steel scrap. If a plant's scrap quota is reduced by the distributing agency, an appeal may be taken to the National Association. The agencies issue orders to producers, dealers, and consumers of scrap, specifying where and how the material is to be delivered. They may collect an assessment from the consumers to cover the administration cost. Regulations for grading and prices of iron and steel scrap are issued jointly by the National Board for Iron and Metals and the National Association "Iron", with consent of the General Trustee for Armament Tasks under the Four-Year Plan and the National Commissioner for Price Control.

Supply of coal for the steel industry is based on quotas allocated by the National Board for Coal. Consumption from mines owned by steel companies is not excluded from the quota provisions. Quotas for major plants are allocated directly by the Board in cooperation with the Group organizations in the industry. Quotas for the smaller plants are allocated out of regional quotas by the Regional Economic Office with the cooperation of the Gau Economic Chambers.

Products of other industries, so far as these are used in the steel industry, are allocated for the most part by means of global quotas and distributed among the plants by the respective Group or Sub-Group.

Numerous orders are in force which prohibit or restrict the use of specific materials by steel producers. Other orders specify the materials and quantities to be used for particular purposes. For the consumption of crude steel in steel foundries quotas have been established for each plant by the Economic Group "Foundries."

3. Distribution of Iron and Steel Semi-products.

Beginning October 1942, iron and steel semi-products and finished products, consisting wholly or partly of iron and steel, may be supplied only against transfer of iron-purchase rights (Eisenbezugsrechte). Since 1 April 1943, orders have been required to show an "order-steering-number" (Auftragssteuerungsnummer - A St.Nr.); and since December 1943, steel sheets are purchasable only upon submission of a special "right-to-order-steel-sheets" (Bestellrecht fur Bleche), issued and administered in the same manner as iron-purchase rights.

The overall consumption of steel is regulated by allocation of global iron and steel quotas to the main claimants. The quota covering armament needs is based upon requests of the Committees and Rings, which however, do not appear as quota claimants. Quotas are established in the name of the government agencies for whose account the armamant-orders are placed by the Committees. Civilian consumption is covered by quotas for the manufacturing of tools, utensils and small ironware, allocated to the National Boards supervising the production of such articles. The total amount of iron and steel available in a three-month period, as based on production forecasts and plans, is allocated by the National Iron and Metals Board to the quota claimants. Credit entries are made in accounts held for each quota-claimant by the Iron Clearing Agency (Eisenverrechnungsstelle) of the Rüstungskontor G.m.b.H. The list of quota claimants contains more that eighty names. Among them are the chief government agencies; the Ministry of Economics (for a special export-quota); the Economic Crafts and Trade Groups; the groups of the Iron Producing and of the Iron Processing Industries;

the groups of the so-called iron-consuming industries, and twenty-six building-steel quota claimants.[1] Some of the above listed agencies appear as claimants for building steel in addition to their basic iron quota.

The quota-holding organizations and agencies distribute their iron-purchase rights by issuing of iron-certificates, also called "iron checks," in favor of contractors or of organization members. Some of the agencies have set up special quota distributing-boards (Kontingentstellen) for this purpose.

A firm needing steel to fill a contract is required to submit an iron request to the competent quota-holder. The quota-holder checks on the quantity of steel requested, confirms or adjusts the application, and forwards it together with an iron-check to the Iron-Clearing Agency. The Clearing Agency records the transfer of the iron-right if warranted by the quota, confirms the iron-check and sends it to the firm in whose favor it was issued by the claimant agency. The firm orders the desired material, attaching to the order an iron-transfer certificate, but keeping the iron check in its own files. The transfer-certificate has the effect of transferring the iron-purchase right to the supplier. Each firm is obliged to set up-special book-keeping records to show receipts and transfers of iron-rights. In order to facilitate the handling of smaller iron quantities, the National Board "Iron and Metals" and the Gau Economic Chambers issue "iron-stamps" against surrender of iron-checks. To cover orders for delivery of iron in the future, the quota holder issues iron-reservation vouchers, which after confimnation by the clearing agency entitle the beneficiary

1. This quota is designed to cover also steel needs for repairs

to receive an iron-check as soon as a new quota becomes available. The "order steering number" that must be shown on each order for iron and steel material is, as a rule, the number of the quota-holding agency which issued the iron-check. The same number is used also to identify sub-contracts. In this way the ultimate user of the material is identified and priority may be secured for orders of special importance. The National Iron Association has set up an "order steering section" for this purpose. Plants ordering iron and steel material have the right to classify urgent orders[1] by special code letters (S,SS,DE), under threat of severe punishment for misuse.

Though steel plants are not supposed to accept more orders than they can fill in due time and a priority system in the form of order-steering numbers supplements the quota-allocation, it became necessary, in December 1943, to introduce a special right to order steel sheets in order to secure an adequate supply of this material for privileged uses. At the same time, a new procedure was set up for the allocation of iron for the construction of machinery,[2] apparently to reduce the volume of iron consumed for this purpose. Under this, the original quota-claimants receive special iron-quotas to cover construction of machines. The rights under such quotas are passed on to industry by means of iron-checks issued by the quota-claimants, marked "for procurement of machinery". Iron-checks are issued only where the purchase of a new machine has been approved by an agency authorized to decide on the merits of the case (Bedarfsprüfungsstelle). The recipient of the iron-check then may procure the machinery by placing an order with a dealer or manufacturer and surrendering the iron-checks

1. As a rule, based on priority classification of the war contract by the armament authorities.
2. Decree of National Board for Iron and Metals, 24 December 1943 (Reichsanzeiger, 28 December 1943).

to the latter. The iron-checks are not used directly by the machinery manufacturers for procuring the iron or other raw-materials which they in turn will require, but are pooled in a Raw Material Booking Office (Rohstoffbuchungsstelle). Out of this pool of iron-checks representing allocated rights to so much iron, supplemented for certain products by special manufacturing-quotas, the Economic Group "Machinery", with the cooperation of the Committees and Rings, then makes an allocation to the machinery manufacturer.

Special regulations have been issued for the distribution of alloy steel.[1] which is supplied only against "iron-checks or "iron transfer certificates for alloyed material". The ultimate use is specified in the order by a figure code. Groups and other organizations of industries using steel alloys distribute their quotas among the member firms. Firms needing small quantities of steel-alloy material may exchange iron-purchase rights for alloy-purchase rights at the Gau Economic Chambers. If a firm sells material containing steel alloys and receives an alloy advance-quota for such production, no request for alloy-rights is made to the customer. Certain organizations of the Armed Forces obtain alloyed steel material against iron-stamps.

To reduce consumption of steel, a general ban has been imposed on production of several thousand articles, mostly for civilian use, such as steel furniture. Restrictions on using steel in the production of various articles, machines, etc., in many cases have been supplanted by a list of permitted materials (Werkstoffeinsatzliste), which specifies the kind and quantity of material to be used for each product.

1. Decree of 9 September 1942, Reichsanzeiger, 12 September 1942.

To prevent hoarding of iron and steel the managers of plants are held personally responsible that stocks of material on hand, plus orders accepted, do not exceed the quantity processed in a given three-month period. No steel may be ordered before it is needed and in excess of need. The permissible volume of stocks has been reduced repeatedly and excessive stocks have been confiscated in such a way that the owners were obliged to offer them for sale to authorized dealers, and they in turn were compelled to draw on these stocks before ordering from the mills. Accumulated orders for steel material on various occasions have been cancelled to clean up the backlog. As a rule, consumers of steel material must report regularly their stock on hand to the control agency.

4. Foreign Trade in Iron and Steel Material. Exports of iron and steel material needed to fill orders placed by German firms with foreign suppliers, are based on an iron-certificate issued:

(a). In occupied territories (Belgium, France, Netherlands, Norway, Serbia) by the local Central Order Agency (Zentralauftragstelle which is a branch of the German agency).

(b). In countries attached to the German iron control (Switzerland, Italy, Hungary, Rumania, Bulgaria and Greece) by the National Iron Control Agency (national cartel).

(c). For other countries by the National Board "Iron and Metals".

For exports of material needed to fill local needs of the importing country the certificate is issued:

(a). In the occupied territories, by the local iron control agency (the Military Commander or the Reichskommissar);

(b). In other countries, by the examining board (for exports) of the respective trade branch.

Importers of iron and steel from occupied countries are required to surrender an iron-purchase right to the local central order agency; importers from other countries surrender an iron-purchase right to the National Board "Iron and Metals" when applying for a foreign exchange certificate. Similar regulations cover the trade in iron and steel between any two occupied countries and also their trade with foreign countries.

C. Nonferrous Metals

1. Principles of Control. This category includes base metals (copper, lead, zinc, tin, etc.), light metals (aluminum, magnesium) and a few rare metals and metallic elements (mercury, cadmium, chrome, etc.), as well as alloys of such. Precious metals are excluded. Regulations cover the trade in and the conversion of metal ores, raw metal, and semi-products, and the manufacture of products in whole or in part of any such metal.

Nonferrous metals are both imported into Germany in the form of crude metal, and produced at home from domestic and imported ores and scrap. Control of nonferrous metals is exercised by the National Board "Iron and Metals" in three ways; (1) by allocation of quotas for raw material and crude metal ("metal-cover certificates") to plants engaged in basic production and manufacture; (2) by allocation of quotas for metal products "metal-rights" to ultimate consumers; and (3) by control of stocks and deliveries at all stages throughout the industry.

Special stock lists must be kept and regular reports made by all persons and plants engaged in producing, processing, holding, or trading in, metal ores and other basic materials, raw metals, scrap metal waste, semi-products and fully manufactured metal commodities. When deliveries are received or made, a record is made of the number of the metal voucher (license-paper) covering the transaction. If an enterprise desires to commence operations in the metal industry or trade, a license of the National Board is necessary. With the consent of the Minister of Economics, the board may prohibit established enterprises from continuing business in the metal field.

2. Allocation of Raw Material. Plants producing raw metal out of raw and waste materials must submit a request

to the National Board for metal-cover certificates (Metalldeckungsschein) in accordance with their production program. The certificate authorizes the purchase and processing of material of a specified type and quantity. Supply of the material also is regulated sometimes by special orders of the National Board, which may impose specific conditions on the producer before issuing a cover-certificate.

Plants processing raw metals in the first manufacturing stage apply to the National Board for a metal-cover certificate covering their anticipated production volume for the ensuing three months. A plant may not obtain certificates for an amount exceeding its metal-balance; that is, the total of metal rights received from customers. Small users lodge applications with their Gau Economic Chamber, which has been authorized by the National Board to issue certificates. A few firms receive a general license to buy waste materials containing metals, and there are certain other exceptions which simplify the procedure, such as maximum margins for free consumption of metals. The National Board also authorizes various trade organizations, cartels, etc., to issue cover-certificates to their member firms for the production of certain articles, such as paints, zinc coated wire, sheets, and tubes. Consolidated quotas of raw metals apparently are established for such needs; metal-rights are not requested from purchasers of the articles mentioned.

To purchase raw material, scrap, or crude metals, the holder of a metal-cover certificate issues a metal-voucher (Metallbelegschein) to his supplier. The metal-voucher is prepared on special form-sheets provided for the purpose and a copy is kept, attached to the cover-certificate. If necessary, the supplier will issue to his own supplier a new voucher covered by the voucher received. Special regulations cover the use of metals for repair work in plants,

etc.; industrial firms receive permission from their trade organizations to issue metal-vouchers for the purchase of raw metals or to issue transfer-checks for the purchase of semi-manufactured metal products.

A simplified procedure of allocation is used for light metals (aluminum and magnesium). The material is purchased upon submission of a cover-certificate containing a "light-metals release." Cover-certificates are issued by the Economic Group Metal Industry, unless the light metal is intended to be used as an alloy in a heavy metal product, in which case the authoritative agency is the National Board "Iron and Metals." . No metal-voucher is required by the supplier from the purchaser, but the supplier must limit the transaction in accordance with the stipulations of the release. Special regulations cover the utilization of light metal scrap and waste material, and of airplane metal scrap.

3. Distribution of Nonferrous Metals. The use of non-ferrous metals as a material is subjected to a host of restrictions imposed for the most part by the branch groups of the Semi-Products Industry and the Metal Foundries. Various regulations are in force to secure delivery of scrap and waste metals to the metallurgic industry.

Orders for metal products can be accepted and deliveries made only if the customer transfers the necessary amount of metal rights to his supplier, by means of a metal-check (Metallschein) or metal-transfer check. The metal right is an authorization to buy and consume metals and metal products. Certain products, however, are exempted by the National Board from this regulation: e.g., metalware, machinery, tools, electro-technical, and other articles covered by manufacturing quotas, and paints, metal-coated steel products and similar articles covered by raw material quotas.

Metal rights are allocated by the central planning authorities to a number of basic quota holders who are authorized to appoint quota agents for subdividing the quota among the consumers represented by them. The list of quota holders contains the central government agencies and several industries that cover the total of their metal needs out of these "chief" quotas, a number of metal consuming industries and crafts (manufacturing quotas), export quotas for industries manufacturing metal goods for exportation, and a special quota held by the National Board "Iron and Metals" to cover metal needs of enterprises having no quota, in accordance with directives issued by the war commissioner or a quota holder. Quotas for metal products are established for three months periods. The quota holders and their agents receive credit for quantities allocated to them in an account held by the Armament Accounting Office in Berlin and may dispose of their quotas by issuance of checks. Future quotas may be pledged by issuance of metal-reservations.

Plants holding a contract of a quota agency, and requiring metals to fill the contract apply for metal allocation on a special form called "metal request - metal check." The quota agency confirms or corrects the application and forwards it to the Accounting Office. If a quota balance is still available, the check is stamped and returned to the contractor. The latter obtains delivery of metals covered by the metal-right by means of a transfer check, keeping the original metal check in his files as documentary proof. Metal-checks and transfer-checks thus accumulate in the hands of the primary manufacturers, and constitute a basis for future applications for raw material (the application for a metal-cover certificate, described above).

4. Foreign Trade in Nonferrous Metals. In occupied countries, central order agencies collect metal checks from

German firms ordering metal products from local firms. Local needs are covered by special quotas, the allocation of which is entrusted to authorized economic control agencies. Exports to foreign countries (other than occupied territories) are subject to license of the examining board of the respective industry, which disposes of a specific quota for metal products destined for exportation. Importers of metal and metal products from foreign countries are required to surrender metal rights to the National Board "Iron and Metals."

D. Metal Goods, Machinery, and Allied Products

1. Manufacturing Quotas. The National Board "Iron and Metals" authorized various industrial groups and organizations of craftsmen to allocate iron and steel material and nonferrous metals out of global quotas to their members for production of specified products. The groups may issue binding orders to the plants regarding the sale of these products and may require them to supply specific customers. Provision for manufacture of articles authorized is made in two ways: (a) By full manufacturing-quotas, which cover production of articles listed. No iron or metal check is necessary for the purchase of such goods. The list of articles includes foundry products, radio sets, electrotechnical goods, etc. (b) By partial manufacturing-quotas, which cover production of articles designated for use of civilians and other consumers not disposing of steel or metal quotas of their own. Main claimants, however, must surrender steel and metal rights when ordering such material. The list of these goods includes machinery and steel constructions.

2. Technical Products. A variety of articles made out of steel or nonferrous metals, such as hardware, tools, and bicycles, are under the jurisdiction of the National Board for Technical Products. This Board does the production

planning for the supply of such articles to public agencies, who surrender iron and metal rights for their purchases, and to civilian consumers, whose needs are covered by the general manufacturing quota. The Board determines the articles and the quantities to be produced. Control agencies appointed by the Board put the plan into work, issuing the necessary orders to the producers and cooperating with the Committees and Rings which represent armament needs. A special investigation was conducted in 1942 to ascertain the most urgent needs for civilian goods. Purchase of technical goods for the armed forces is centralized in a single agency, in contrast with the distribution of civilian goods, which is in the hands of the regular trade subject to the orders of the National Board for Technical Products. As a rule articles are sold to consumers against RtE checks and stamps.[1]

The National Board allocates a certain quantity of each article to the several Regional Economic Offices in accordance with the wartime needs of their respective districts. The Regional Offices distribute checks or stamps among consumers or dealers. In the latter case the dealer decides whether the consumer may receive the merchandise. To order merchandise from a producer, a dealer uses an RtE check. Stamps received from consumers may be exchanged against checks and vice versa. The checks do not specify the particular article but only the general kind of products may be ordered. Articles on the partial quota list are supplied by dealers to quota holding agencies against checks or stamps.

RtE stamps for the purchase of agricultural tools and implements are issued by the District Peasantry Leader.

1. RtE stands for Reichsstelle technischer Erzeugnisse.

Certain articles, however, are distributed by the trade according to directives issued by the Peasantry Leaders and the Economic Offices. The RtE check has not yet generally replaced the merchandise purchase certificates issued by the group organizations of the trade which are responsible for the equal distribution of the merchandise throughout the country. Local dealers receive the certificates from the section "Trade" in the Gau Economic Chamber.

3. Machinery. Production of machinery is supervised by the Main Committee "Machinery," the head of which also is Commissioner for Machine Production, who, as possessing the authority of a National Board for Machinery, exercises control over the distribution of all machinery. The need for purchase of new, used or imported machinery is subject to examination (Bedarfsprüfung) by the Special Committees or Rings, for armament manufacturers, or by trade organizations for other producers. The agency confirms the need by means of a license voucher (Zulassungsschein), which is sufficient authorization for the purchase of a used machine. To be able to order a new machine the party in addition to the license voucher, must receive a special license (order confirmation) of the control agency appointed for the particular branch of machine production by the Commissioner for Machine Production in his capacity as National Board for Machinery. A license is issued if the buyer disposes of the necessary raw material quota (iron rights, metal rights, etc.) and if the quota established by the Commissioner for the total production of machines of the desired type so permits. The request for an order-confirmation is not made by the prospective buyer, but by the agency which examines the urgency of the need. The procedure is simplified in case of big consumers of certain types of machinery, for example the mining industry. No production quota has been established for machinery not

of importance to the war effort, except for exports, in which case an export license and allocation of raw material is obtained from the Examining Board "Machinery."

As a rule, the buyers of new machinery are required to surrender to the machinery plants adequate amounts of "iron-rights for procurement of machinery" and "purchase rights for nonferrous metals." Agricultural machinery is manufactured from raw material allocated by the Food Ministry from its own quota and sold against purchase certificates issued by the Peasantry Leaders. There also is a special quota for locomotives.

General manufacturing quotas have also been established for certain other machinery products, for the sale of which iron-certificates are not required, similarly to the case of technical products (supra). In order to enable plants to accumulate sufficient stock piles to cover repairs on machinery sold, it is the practice for purchasers of new machinery to surrender metal-rights for a quantity of material slightly in excess of the full weight of the machine.

4. Products of the Electrical, Precision Tool and Optical Industries. The Ring "Electrical Industry," the Economic Group "Electrical Industry" and the Association "Electrical Lamps" supervise the manufacture of electrical products. Distribution is under control of the Economic Group (Wirtschaftsgruppe Elektroindustrie) acting as National Board for Electrical Products. Steel and nonferrous metals necessary for the manufacture of most articles are allocated in the form of full manufacturing quotas and distributed among producers by the Economic Group "Electrical Industry" and the National Group "Crafts." No metal rights are necessary for purchases in this instance. By restriction of the products and types manufactured and of the buyers eligible, it became possible in most cases to require only a consumer's

declaration from the purchaser showing the importance of the delivery for the war effort. Wholesalers may purchase only articles for which they hold declarations. Producers are required to report their sales to the Economic Group "Electrical Industry" or the National Group "Crafts." Industrial firms are obliged to reduce the consumption of articles currently used in their plants by specified percentages of prior consumption figures. Special requests must be made for telephone installations. Radio sets are sold to consumers against certificates issued by the local Economic Offices; an attached "Order-coupon" authorizes the dealer to order replacements.

Production of precision tools and optical instruments is organized from the technical side (standardization and selection of models) by the Main Committee and two Special Committees. The Economic Group for Precision Tools and Optical Instruments (Wirtschaftsgruppe Feinmechanik und Optik) supervises the rationalization of plants, distributes orders (especially public orders collected by a special office), allocates raw materials, and controls production. Until April 1944, the Economic Group acted as National Board, but control of distribution since has been transferred to the National Commissioner for Precision Tools and Optical Instruments. Most products are supplied to dealers only against a declaration that their stocks are fully depleted or are insufficient to cover three months' needs.

E. Building Materials

1. Central Agencies. Steel, cement, timber, and other materials used in construction work are products of industries belonging to various control spheres and are distributed under the direction of several National Boards. The direct allocation of materials used for building purposes is, however, in the hands of the Commissioner General for Construction (Generalbevollmächtigter Bau, abbrev. GBBau), who operates

under the Commissioner for the Four-Year Plan. Building materials for the various types of building projects are assigned in the form of global quotas to the claimants (Bedarfträger), who are free to designate the projects for which their quotas will be used. An exception is the construction of barracks which is subject to special restrictions and controls.

Construction projects of great importance for the war effort (so-called Zweckbauten) are directed by the Office for Construction in the Ministry for Armaments and War Production, and are carried out under the supervision of the Main Committee "Construction" and its Special Committees, self-governing organizations of the building trade. Such projects include construction and relocation of armaments plants, development of raw material and power sources, construction of barracks for civilians and workers, building for defense against aircraft attacks, and reconstruction of damaged property. Larger projects are supervised by special Work Committees.

The Main Committee is also in charge of the program for concentrating the building trade and rationalizing employment of labor and machinery. For these purposes it employs as agent the Work Association of the German Building Trade, an organization formed jointly by the Economic Group Construction (industrial firms) and the National Guild Association of Building Crafts (artisans). Factories initiating building projects with their own facilities, the Reich Railroad, Post etc., and other institutions which do not belong to the building trade, are obliged to report such work to the Main Committee. Special agencies were established to take charge of the construction of barracks:

1) The National Commissioner for Wood Constructions (wooden barracks);

2) The Central Office for "Permanent" Barracks (Massivbaracken), that is, barracks constructed of stone and steel, reinforced concrete, or similar prefabricated parts and elements. The output of stones and minerals is organized and supervised by the Main Ring "Stones and Clays" with Special Rings, Working Rings, Working Districts, and Working Staffs as sub-divisions.

In each armament district there is a Construction Commissioner of the Armaments Ministry (Bevollmächtigter) in whose office are found the field offices of nearly all central agencies in the construction field. Allocation of materials, on behalf of the GBBau, is handled by the section "Quota Office" (Kontingentstelle). Other sections are in charge of Expansion of Armament Plants, Contruction Activities, and Transportation of Building Material. The District Commissioner has a certain amount of control over the Gau Deputy (Gaubeauftragter) of the General Commissioner, who fulfills local tasks for the Main Committee, such as coordinating the work of various firms engaged in a single building project. Certain functions in the control of building activities are exercised by the local building police authorities (e.g., licensing of construction projects).

2. Quota Claimants. The recognized quota-claimants for building materials are:

(a) The armed forces, railroads, post agency, police, and other central government agencies, which transfer their rights to the contractor if they take any direct part in the building, financing, or supervising of the project;

(b) Certain industrial organizations, which make their quotas available to member firms initiating a project;

(c) The Construction Commissioner, who allocates materials out of his own quota, if no other quota is available, for industrial and agricultural constructions, dwellings

and public constructions;

(d) The National Commissioner for Housing, whose quota, among other purposes, is available for emergency alterations and conversion of houses. It is made available through the Gau Commissioner for Housing to the local building police authorities, who in this case issue purchase-permits for building materials.

An agency or other builder desirous of undertaking construction of wooden or permanent barracks must dispose of a special "barracks quota," in addition to his building-material quotas. The claimants for wooden barracks and for permanent barracks are the armed forces, SS, police, as well as the General Commissioner for Construction (or the Office for Construction), representing all other purposes (industrial and civilian needs).

3. Building Licenses. A general prohibition against engaging in construction work of any kind, above or underground, without special license was decreed by the General Commissioner for Construction on 15 January 1943. An exception is made in the case of small repairs and work of immediate necessity in connection with air-raid damage, as well as construction of barracks for housing purposes. Applications for a license (Ausnahmebewilligungen) are lodged with the local building police authority, who is authorized to issue permits for small projects (if labor and material are available on the spot) and for emergency conversions of houses. In other cases, applications are submitted to the District Construction Commissioner, who consults interested agencies (especially the Provincial Labor Office), and examines the necessity and feasibility of the project and ascertaining whether the applicants have conformed with the general regulations covering use of materials. If the application is legitimate, the applicant submits a detailed application,

specifying material and machinery to be used and embodying such changes in the project as are considered desirable by the Commissioner. Projects within certain limits may be licensed directly by the Commissioner. Large projects and those requesting priority for materials are submitted to the General Commissioner for Construction, who may delegate the decision to a subordinate. It is common practice to call a conference of interested agencies.

4. Building Priorities. Claimant agencies classify their building projects into three categories of urgency; the Ministry of Armaments may accord special priority to very urgent projects. In each armament district a separate list of projects with priority rating is set up, being classified according to claimant agency, production sphere for which the project is destined, and degree of urgency in this sphere. The priority-order of the various spheres is established by the central agencies, who determine the relation of priority-ratings in the building industry to ratings in other branches of production. Labor, machinery, and building materials are allocated in the district according to this list. Building priority designates the order in which material is to be supplied for building projects, but does not establish priority for steel or any other material. In urgent cases, however, the National Board "Iron and Metals" may give special priority for a single delivery of building steel.

5. Allocation of Materials. Until 1943, quota-holding agencies were authorized to issue purchase certificates in favor of the contractors for all rationed building materials. This system has been superseded for several materials by centralizing allocation powers in the hands of the Construction Commissioner. Applications are made out by the contractor and passed on by the claimant agency to the Commissioner. Local building police authorities also have a restricted

power to issue purchase permits for building materials.

The list of rationed materials has been expanded several times. It now includes building steel, timber, cement, bricks, asphalt, and other items. Machinery, hardware goods, and other manufactured articles needed in the construction and finishing of buildings are allocated according to regulations governing the distribution of the particular article.

The principle materials are allocated by the National Board Forests and Timber (Reichsstelle Forst und Holz), which, together with the Branch Group "Timber Trade," controls the distribution of lumber. With the exception of a few end-products, such as doors and stairs, timber and lumber for building purposes is sold only against purchase-permits issued in favor of the claimant agencies. Mass-produced material and material required for certain timber constructions, especially barracks, are supplied only upon direct order of the National Commissioner for Wood Constructions, who designates the supplier for each individual order, allocates to him the raw material, and on behalf of the purchaser pays him for delivery.

The National Board "Stones and Clays" (Reichsstelle Steine und Erden), with the help of numerous "groups" and other organizations, controls the distribution of the following materials:

(1) Bricks. All producers in an armament district are joined in a compulsory cartel to which is given the functions of a distribution agency for bricks and building stone in the district. Delivery and use of most of these products are subject to permit of the agency, with certain restrictions lifted for the purchase of small quantities.

(2) Cement is sold against purchase permits specifying the consumer and quota claimant. Quotas are allocated to

claimants of building materials; special quotas cover production of artificial stone for repair work. All orders for cement have to be routed through the regional sales syndicate (Verband).

(3) Raw Gypsum for cement production is supplied under supervision of the Branch Group "Gypsum and Chalk Industry."

(4) Natural Stone may be cut only under permit of the Branch Group "Natural Stones."

(5) Drainage Pipes are sold against universal-checks issued by the Water Economy Boards.

According to the decree I/44 of the National Commissioner for Stones and Clays, dated 6 June 1944,[1] distribution of stones and clays will be controlled by the Main Ring "Stones and Clays" and its sub-agencies, replacing the groups and other agencies entrusted formerly with control functions.

The National Board "Iron and Metals" supervises the distribution of Building Steel. Iron-purchase rights are allocated by the Building Commissioner in the form of iron-checks marked "for building steel only" and of iron-stamps. Municipal or district authorities must be informed of stocks of building steel not destined for immediate use. Such stocks are impounded by decree and thereafter may be drawn upon only by license of the local distributing agency. Orders for steel constructions are subject to license by the General Commissioner for Construction. Applications are made through the cartel or the Branch Group of the Steel Constructions Industry.

6. Special Types of Construction.

a. Wooden Barracks. The National Commissioner for Timber Constructions (Reichsbevollmächtigter für Holzbau, abbrev. R.f.H.) operates under the Minister of Economics

1. Reichsanzeiger 24 June 1944, quoted in Berliner Börsenzeitung 29 June 1944.

and the General Commissioner for Building. Construction of wooden barracks is limited by global quotas established in favor of the armed forces, SS, police and of the General Commissioner for Building. These quota holders may use their quota without a license from the RfH (contrary to the system applicable for permanent barracks); but all orders for mass-produced material are passed through his office which acts as sales agency for the manufacturers of this type of material.

In other cases, where building construction is undertaken on the account of someone not holding a global quota, the procedure is as follows: an application for a building permit is submitted to the District Construction Commissioner, who determines the urgency of the project and examines available facilities and possibilities of otherwise covering the housing need. If the project is approved, a priority rating is established and any request for mass-produced material is passed to the National Commissioner for Timber Construction, who places an order with a dealer. Where no mass-produced material is required, the general procedure for building projects is followed.

b. Permanent Barracks. The Central Agency for permanent barracks (Zentralstelle für Massivbaracken) established in the Office for Construction of the Ministry for Armaments and War Production, has a monopoly on placing contracts for permanent barracks. The Central Agency employs the Rüstungskontor G.m.b.H. as its own agent. Manufacturers of prefabricated parts are supervised by the Special Ring "Building Stones and Construction Elements." Constructors of permanent barracks are controlled by a Special Committee in the Main Committee "Construction." The Special Committee designates the type of barracks to be constructed, and sets up plans for the use of available production facilities. In accordance with construction orders issued to industrial plants

by the Rüstungskontor, the Special Committee allocates to the plants materials needed for construction as well as for expansion, out of the quotas held by the Office for Construction. Control of production is thus separated from allocation of the product (permanent barracks) though the two agencies in charge are directly under the Ministry for Armaments and War Production.

The Ministry allocates quarterly quotas for permanent barracks to each of the chief claimants, namely the armed forces, SS, police, and to the Office for Building, which represents the needs of armament industries civilians and air-raid victims. The need for construction for the last-named purposes must be confirmed by the armament inspector of the district or the authority supervising the applicant (e.g. Provincial President, Peasantry Organization). All applications and the requests of the chief claimants must be passed on by the Construction Commissioner of the district, who takes into consideration local availability of labor and materials and transportation facilities as well as alternatives of filling the need, e.g. construction of wooden barracks. A regional quota limits the amount of permanent construction which may be authorized by the Commissioner. Approved applications are passed on to the Zentralstelle, which authorizes the construction and designates the building firm to be employed, notifying the claimant and the Commissioner. The Rüstungskontor transmits the construction order to the firm designated and subsequently makes payment for the work completed.

F. Mineral Oils

1. Agencies and Organizations. Production of mineral oils is supervised by the National Commissioner for Promotion of Mineral Oil Production, operating under the Office of the Four-Year Plan. The following cartel organizations exercise control functions: Work Association (Arbeitsgemeinschaft)

of Producers and Processors of Mineral Oils; Work Association for Hydrogenation, Synthesis and Distillation, and the Work Association of German Benzol Producers. Importation of mineral oils and distribution of domestic and foreign oils and related products are controlled by the National Commissioner for Mineral Oils who is head of the National Board for Mineral Oils. Exports of mineral oils and related products are licensed by the export examining board of the industry manufacturing the product. For special articles decision is reserved to the National Board.

2. Organization of Control in General. The jurisdiction of the National Board for Mineral Oils covers gasoline and other motor fuels, fuel oil, lubricants, kerosene, benzol, bitumen, tar and tar products, paraffin, and vaseline. Control of distribution is exercised partly by the Board directly, partly through other agencies, mostly voluntary or compulsory cartels. This renders control of distribution very simple and makes the use of special documents, checks, etc., unnecessary, at least as far as wholesale distribution is concerned. Permits, checks, etc., are mostly used only to regulate sales to consumers. The control agencies are expressly authorized to direct producers and distributors to sell to certain firms or to make delivery from specific stocks. The rationing of mineral oil products to private consumers is handled by the local Economic Offices. Industrial users receive most of their allocations from trade organizations out of global quotas largely assigned to cover the needs of the particular industries. There apparently also are quotas assigned to cover military needs, although specific information on this point is lacking.

3. Special regulations.

a. Motor Fuels. Producers and importers are restricted to the sale of motor fuels exclusively to the Zentralbureau

für Mineralöl (Central Office for Mineral Oils), set up by the Work Association of Oil Producers and Processors to act as administrative agency of the Work Association of Mineral Oil Distributors. The sales organizations of the member firms handle the wholesale and retail distribution of motor fuels. The National Board determines the monthly quotas to be allocated by the Regional Economic Offices to consumers in their territories in accordance with prescribed priority rules. The local Economic Offices issue ration cards (Tankausweiskarten Mineralölbezugscheine, or Treibgaskontrollmarken) to owners of motor vehicles, specifying quantity and type of fuel to be used. The armed forces purchase motor-fuels on order-forms issued by the Army District Commands, or on Armed-Forces-vouchers issued by the Zentralbureau. Aviation fuel is supplied by license of the Minister of Aviation or the Air Force Commander.

b. Lubricants. The Lubricants Association (Schmierstoffgemeinschaft) unites all authorized dealers and those producers designated by the National Board. This Association issues purchase permits to large consumers (determined by the National Board), whereas other consumers are obliged to apply for licenses from the Regional Economic Offices (except for very small quantities, which are not otherwise restricted). Lubricating motor-oils are sold against Motorenölscheine (motor-oil coupons) issued by the local Economic Offices. Lubricants purchased for other purposes are delivered only upon the signed declaration of the purchaser that the order is made in conformity with regulations and within the limits of the authorization held by the purchaser. The use of lubricants as a material for the production of industrial commodities (e.g., paints) is dependent upon authorization by the National Board or the Group organization to which the producer belongs.

c. Kerosene. Producers, importers, and wholesale dealers may not sell kerosene except upon permit of the National Board. Retailers may make sales only upon the customer's presentation of a kerosene-permit ([illegible] (Petroleumberechtigungschein) issued by the local Economic Office, or in the case of purchases for home-consumption (heating, cooking, lighting), upon presentation of a purchase card (Bezugsausweis) specifying the name of the retailer. The quantity permitted to be sold for home consumption is fixed from month to month. Retailers receive "dealer certificates" from the Economic Offices.

d. Benzol. Producers (mainly gas plants obtaining benzol as a by-product) may sell benzol only upon permits from the National Board. The principal industrial consumers receive purchase permits from the National Board "Chemicals," National Board "Rubber" or the Economic Group "Printing Trade." Other consumers are authorized to purchase without permit within the limits of prior consumption; increased supplies may be obtained only upon permits of the Work Association of German Benzol Producers. This Association unites all producers and apparently acts as exclusive sales agency.

e. Bitumen (asphalt). A number of agencies (industrial groups) and the General Commissioner for Construction issue permits to consumers represented by their allocating consolidated quotas established by the National Board for the particular use.

f. Paraffin and Vaseline are distributed in a similar way. Paraffin for candle manufacturing is distributed by dealers in accordance with a ratio established by the National Board "Chemicals."

g. Tar and Tar Products may be supplied, purchased, or consumed only with permits of the National Board. The Work Association "Distribution of Coaltar Products," at

Bochum acts as a central sales agency. In 1944, universal-checks and transfer-checks were introduced for the distribution of vaseline, paraffin, natural asphalt, stearin tar, naphtha products and certain other byproducts. Checks are issued to the industrial consumers by authorized Branch Groups, and are turned in to the National Board by the producers, importers or distributors who receive them from their customers.

G. Chemicals

1. Agencies. The National Commissioner for Chemicals, head of the National Board "Chemicals," controls production, importation, distribution and consumption of chemicals. The sales organizations of the industry and trade are entrusted with important control functions and are held responsible for the execution of the measures decreed by the Commissioner. A few cartels and industrial organizations (groups) have been organized as official control agencies of the National Board, but many others act as sub-agencies without formal delegation of powers.

2. Distribution of Products in General. The principle of allocation for chemicals is central distribution and individual control of consumer's needs. The National Board establishes global consumption quotas for each industry. Distribution among consumers is undertaken by the cartels or other organizations acting as control or sub-agencies. All producers in the chemical field must submit to the National Board a list of their deliveries grouped by types of consumers. Consumption in the plant of the producer is considered equivalent to delivery. Lists are confirmed by the Board subject to revocation, and must be submitted periodically. The list constitutes a license for the producer, specifying to whom he has to sell his product, the quantities to be supplied and the conditions to be attached to delivery.

Overall licenses and the authorization of free delivery for specified small quantities of various articles simplify control. By specific order the use of certain materials for certain purposes is either prohibited or limited. Certain products may not be delivered to, or sold by the retail trade. The customer lists also provide a means of controlling deliveries made by wholesalers.

In December 1942 nearly all chemical raw materials and products were impounded by decree of the National Board.[1] Thereafter deliveries, purchases and consumption were subject to permits of the National Board, which also could dispose of materials on behalf of the owner. According to the method of licensing, chemical products are grouped in four lists:

List A. Products on List A are subjected to the strictest form of control. Here a permit is required for the purchase, which must be surrendered to the supplier before delivery may be made, and a special permit is required for consumption. In certain cases a current consumption permit is issued to the consumer, covering consumption of a specified quantity over a designated period. A new purchase permit is requested when there is need of replenishing supplies. The supplier uses the purchase-permit surrendered by the consumer to obtain goods from his own supplier (generally the original producer). The purchase-permit is issued in favor of the holder and thus is comparable to a commodity check.

List B. Chemical products with many uses are on List B. The consumer applies for a purchase-permit, the surrender of which is required before delivery. The consumption license is included in the permit.

List C. Chemical products used for only a few purposes, the control of which may be achieved by regulating deliveries,

1. I/43 (Deutscher Reichsanzeiger, 19 November 1942).

are on List C. The delivery-permit is obtained by the supplier rather than the purchaser, and is transferred to the purchaser. The delivery-permit authorizes purchase and consumption.

List D. Comparatively unrestricted chemicals are on List D. Free delivery and purchase are permitted monthly in amounts not exceeding the quantity delivered and purchased in 1942 (monthly average).

3. Special Methods of Distribution. The above regulations apply so far as no special rulings have been issued. Special methods of distribution control have been established for a number of products. For example, sales of phosphate fertilizers are limited to a specified percentage of sales during the agricultural year 1940-41 and can be made only to peasants provided with certificates issued by the Peasantry organizations.

The distribution of soda is regulated by:

(a) Purchase-permits issued by the organizations to which global quotas have been allocated for distribution among their members;

(b) Delivery-permits (serving also as purchase-permits) issued by the National Board to the suppliers of designated large consumers;

(c) Requests of the armed forces, which dispose of a quota;

(d) General purchase-permits for all other consumers, which enable them to purchase such quantities as they consumed in 1942 (special permit required for increased supplies).

Sulphur is distributed by eleven quota-bearers appointed to organize the supply for the main users.

H. Paper

1. Agencies and Organizations. The National Board for Paper (Reichsstelle für Papier) controls the production and

distribution of cellulose, paper, cardboard, paper goods, and printed matter. Twelve organizations were appointed by the National Commissioner to act as control agencies with the powers delegated by the law. Some are industrial groups, others are cartels mostly of the Gemeinschaft type (voluntary or compulsory cartels uniting all members of the particular trade).

(a) The Economic Group for Production of Paper, Cardboard, Cellulose, and Wood Pulp, with seven local agencies for the distribution of woodpulp, regulates basic material.

(b) The Cellulose Syndicate (Zellstoffsyndikat G.m.b.H.) controls sulphite pulp.

(c) Five "Associations" control various branches of the paper-producing industry, and three "Groups" control the branches of the paper processing industry.

(d) The Economic Group "Print," with a number of local distributing agencies, supervises the printing trade.

(e) The Branch Section "Stamps" regulates import, export, and sales of postage stamps.

2. Distribution of Raw Materials and Products.

a. Pulpwood. Pulpwood, the chief raw material for the production of cellulose, is under the jurisdiction of the National Board for Forest and Timber, which, in coopera-- tion with the central government agencies establishes overall supply plans. The Economic Group for Production of Paper, is appointed by the National Board for Forest and Timber as control agency for pulpwood. The group allocates purchase-quotas to each plant processing pulpwood and issues purchase-permits to plants and pulpwood dealers. Regional Allocating Commissions, composed of representatives of timber owners, dealers, and plants, and presided over by the chief of the regional Office for Forest and Timber, direct the buyers to specific forest preserves. Purchases elsewhere

are not allowed. The Economic Group also issues purchase-permits for auxiliary material needed by the plants and regulates cellulose production by issuance of manufacturing-directives.

b. Cellulose and Woodpulp. Purchase and delivery of woodpulp, except sulphite pulp, may be made only upon permit of the Economic Group for the Production of Paper and its regional agencies. The distribution of sulphite pulp is under the supervision of the Cellulose Syndicate. The control agency fixes type and quantity of product to be sold, and may assign a specific supplier to the purchaser. Processing of wood pulp requires a special permit, which includes the purchase license.

c. Other Raw Materials. Purchase and processing of waste paper, paper and textile cuttings, are subject to special permits and regulations issued by the National Board.

d. Paper and Cardboard. Production and distribution of paper and cardboard are regulated by the various Associations acting as control agencies. The overall volume of deliveries made by the producers is regulated by the National Board by means of supply releases (Lieferungsfreigabe) in which the quota-claimants are directed to authorize delivery of specified quantities of certain articles during a certain period. The distribution among the consumers is handled in three ways:

(a) Global quotas are allocated to the main claimants (armed forces, Party, press, book publishing, instruction, and propaganda, etc.), and distributed by appointed agencies to the individual consumer for specified purposes. Some of the agencies issue paper-checks authorizing the beneficiary to buy paper from a producer or dealer. Newsprint is

distributed by the Reichspressekammer, and paper for books, by the Economic Group "Print" and its regional agencies.

(b) Direct orders are issued by the control agencies to the supplier requesting delivery of specified quantities to designated customers. This method is generally used if no global quota has been established for the particular type of consumption.

(c) In exceptional cases, the volume of a supplier's sales to each of his customers may be fixed according to a percentage quota (Richtsatz) calculated on previous deliveries.

e. Paper Goods and Printed Matter. Types of paper-goods and printed matter which may be manufactured are restricted by the National Board by means of lists of authorized products. In addition, a permit of the Economic Group "Print"(issued by its local agencies) is necessary unless paper from a special quota is used (newspapers, books). Certain types of printed matters are generally exempted from the requirement of permits.

I. Leather

1. Agencies and Organizations. The National Board for Leather Economy (Reichsstelle für Lederwirtschaft) controls importation and distribution of raw hides and skins, leather and leather goods, with the exception of shoes. The Board draws up an allocation plan based on the available supply of raw materials and establishes leather quotas. The production program based on the plan is put into effect by the Production Committee of the Economic Group Leather Industry (Wirtschaftsgruppe Lederindustrie), which is attached to the National Board. The Production Committee formulates production programs for individual leather plants, and supervises the execution of the rationalization program in the leather-producing and processing industries (except the shoe industry). Control over shoe production and

distribution has been entrusted to the Association "Shoes" (Gemeinschaft Schuhe), the national compulsory cartel of the shoe industry and trade. An affiliated organization, the Work Association of the Shoe Trade in the National Group "Trade," is in direct charge of distribution. Two branch Groups of the shoe industry and the Reich Guild Association of Craft Shoemakers also act as control agencies for the Association.

2. Leather Production. Producers and owners of hides and skins are obliged to sell them to dealers or sales cooperatives (Häuteverwertungen), who in turn deliver the material to wholesalers and leather factories in accordance with allocation orders issued by the National Board. Regional distributors and committees cooperate in this. The Board must be notified of imports of hides and will give to the importer instructions as to sales. Leather factories purchase the raw material allocated to them from cooperatives or wholesalers. A special permit is necessary for purchases directly from producers. In the manufacturing of leather products the plants are required to follow orders of the Production Committee of the Economic Group "Leather Industry." Production volume is based on the basic quota assigned to each plant and is regulated monthly by a processing quota. Purchasing permits for tanning and other auxiliary material are issued by the Production Committee. Most of the numerous leather substitutes are manufactured under regulations of the Board supervising the industry which supplies the basic material (e.g., rubber, textiles). But control of distribution is generally under the jurisdiction of the Leather Board. Substitutes for sole-leather may be manufactured only upon permission of the Production Committee of the Leather Industry.

3. Leather Distribution. Export of leather is subject to license by the Examining Board "Leather Industry."

Domestic distribution is regulated by means of leather-checks issued by the National Board and by (quota-holding) agencies, organizations, and plants authorized by the Board to issue checks for specified quantities and purposes. The type and quantity of leather is prescribed in the leather-check, which is transferred by the first beneficiary to his supplier, and so on until it reaches the manufacturer or importer, by whom it is surrendered to the Board. Leather-stamps are issued by the Board to cover delivery of small quantities of leather for soles (sole-stamps) or for saddlerware (saddler-stamps). Public agencies and the armed forces receive leather-quotas from the Board established in accordance with instructions of the central government agencies. The agencies issue leather or shoe checks, in favor of their suppliers, or, in the case of the Armed Forces, confirm an "application for leather allocation for orders of the Armed Forces," which is thereby given the character of a leather-check.

In addition to control of raw material, the production of leather goods is regulated by direct orders from the Board, which prescribes the articles that may be manufactured. The most important types of leather goods, apart from footwear, are driving belts (sold against purchase-certificates issued by quota-holding agencies such as Economic Groups), technical leather goods (for which a consumer-declaration is required or used goods in exchange), and saddlerware (sold against leather-checks or a confirmation of need certified by the district peasantry leader). Other civilian leather goods are sold against purchase-certificates or stamps issued by Regional Economic Offices, the National Sport Leader, or other designated agencies.

4. Shoe Production and Distribution. The "Shoe" Association sets up plans for production and distribution of shoes (under control of Speer's Planning Office); organizes shoe production and allocates materials to the producers (under control of Speer's Production Office); regulates the distribution of shoes (under orders of Funk's Ministry of Economics). The Association thus combines functions which in most other spheres are exercised by two separate agencies, namely a National Board and an Economic Group. The chief of the Association acts as Production Commissioner, assisted in this function by a Production Committee which distributes among the shoe producers the global quotas for leather and other raw and auxiliary materials. Standardization of output is effected by general production orders; individual production orders prescribe quantity and type of output for individual plants. Imports of shoes are controlled by the National Board for Leather, but the Association has advisory functions and checks on the distribution of imported articles. The Association employs as control agencies in the distribution of shoes the branch groups "Shoe industry" and "Slipper industry." Apart from public contracts, for which the leather is allocated out of the quota of the claimant agency, shoe manufacturers sell only against order-certificates issued by the Work Association of the Shoe Trade to retailers for stock replenishment. The order-certificate specifies type of shoes to be delivered and quantity (based on the overall quota established for the succeeding ration period and on the sales volume of the retailer during the preceding base period, as shown by the total of purchasing permits and coupons received from customers). Shoes for air-raid victims are distributed to retailers by one wholesaler in each district. For other purposes shoes are sold either directly from factory

to retailer, or through the wholesale trade. Individual consumers apply to the local Economic Office for purchase permits. For certain types of shoes a number of points from the clothing card also is required. Shoes for children are sold against points from the clothing card. For shoe repairs a customer is obliged to enter his name on the list of a repair shop, on the basis of this request the shop receives the necessary number of leather-stamps from the District Craftsmen's Association. Public agencies and other large consumers purchase shoes against shoe-checks issued by the Association. Agencies may be authorized to issue checks under their own quota, if in accordance with orders of the central government agencies, quotas have been established for their needs. Exports of shoes are subject to license by the Examining Board of the respective branches of the shoe industry.

J. Textiles

1. Agencies and Organizations. Regulation of production and distribution of textile goods is divided between two central authorities:

(1) The National Board for Textile Industry (Reichsstelle Textilindustrie), which controls production and imports of natural fibers (flax, hemp, cotton, wool, silk, etc.) and artificial fibers (rayon, Zellwolle), the spinning of fiber into yarn, and the manufacture of woven or knitted fabric.

(2) The National Board for Clothing and Related Fields (Reichsstelle für Kleidung und verwandte Gebiete), which controls the processing and finishing of fabrics into clothing and other end-products, and the distribution among consumers. A number of "control-agencies" (Bewirtschaftungsstellen) participate in this control, exercising either part or all of the functions which can be delegated by the National Commissioner.

In the field of production of textile fibers, the chief control agencies are three compulsory cartels which regulate the domestic production of fibres:

The National Association for Bast Fibers (Reichsvereinigung Bastfaserü)

The National Association for Chemical Fibers (Reichsvereinigung Chemische Faseru)

The Association "Wool" (Gemeinschaft Wolle)

With the aid of these associations, control may be exercised over the production of flax, hemp, rayon, and artificial fiber. Special regulations control purchases of, and dealings in cotton, wool and other animal hair, and of rags, linters, cuttings and similar waste products used as raw material.

In the field of clothing production the main control agencies are:

Economic Group Clothing Industry

National Group Handicraft

National Association Textile Finishing

Work Group Association Textile Goods in the National Group "Trade"

Control agencies prepare production plans for their respective branches of the industry, and for the National Commissioner. They organize production by the issuance of manufacturing directives to the plants, requiring standardization of products, regulating sales, distributing orders to be filled and allocating raw materials and auxiliary materials.

In accordance with the principles of Speer's reform of industrial controls, a decree was issued in June 1944, by the National Commissioner for Textile Production,[1] establishing a Central Committee for the Textile Economy as agency of the Minister for Armament and War Production. Its head is the head of the Trade Group "Textile Industry", who was expected to set up Production Committees (for the various

1. Deutscher Handelsdienst, 17 July 1944 (News Digest No. 1503).

branches of the trade) and Regional Production Committees, the functions of which would include the execution of production plans set up by the Minister for Armament and War Production, the regulation of production in a general way (types, quality) and the allocation of production tasks to individual manufacturers as well as distribution of raw materials to them.

2. Production and Distribution of the Raw Fabric. Special permits of the National Board are necessary for all purchases of raw textiles (fibers). In this way distribution of raw materials according to the production plan is assured. The manufacture and distribution of yarns is regulated by the National Board by means of "Herstas" (Herstellungsanweisung), viz., orders to the processor of yarns (weaving or knitting mill) to manufacture a certain quantity of fabric of a specified type with a prescribed content of raw materials (fibers) out of the yarn held in stock or purchased from a spinner. In the latter event the order contains an allocation of the material and designates the supplier. The mill may not buy or process yarn without either a "Hersta" or a special permit for purchasing and processing (issued, e.g., if the fabric is destined for export).

The spinner called in the decree "processor of spinning material" may purchase only such raw material as is allocated to him by the National Board, unless he receives a special permit. Processing (spinning) of the raw material is permitted to the extent that orders for yarn have been received and must be in accordance with directives contained in the "Herstas" (as to composition of yarn, raw materials used, etc.) upon which an order is based. In exceptional cases a "Hersta" may be issued by the National Board directly to the spinner. Unless authorized in one of the described ways or by special

license, no one is permitted to purchase, sell or process textiles. If a purchase is authorized, a sale also is permitted, which makes trading possible. In addition, a general authorization to trade in textiles is necessary for enterprises desirous of engaging in such activity.

Exports of raw textiles are subject to license by the National Board. Exports of yarns and woven or knitted fabric are licensed by the examining board of the Textile Industry.

By means of "Herstąs" the National Board is able to direct production of fabrics so as to fill the various needs of consumers out of available raw-material stocks in accordance with an overall supply plan.

3. Distribution of End-products. When the woven or knitted fabric leaves the mill it comes under the control of the National Board for Clothing, the jurisdiction of which covers all products made out of yarns such as clothing, woven or knitted goods, sewing cotton and yarns, surgical cotton, felt, textiles for industrial purposes, etc. All textile end-products are rationed, with the exception of those enumerated in a list issued by the National Board.

Fabrics are processed and moved from the "producer" to the "supplier" (wholesale trade and finishing industry), thence to the "processor" (clothing industry) and the "shops" (retail dealers and craftsmen), by a variety of methods:

(a) Purchase-certificates for uniforms, and other certificates issued by chief claimants;

(b) Purchase-permits for special needs, issued by the National Board or the Regional Economic Office;

(c) Purchase-permits issued by an industrial Group;

(d) Point-checks;

(e) Export-licenses issued by the Examining Board.

a. Global Quotas. The Minister of Economics allocates global quotas to the chief claimants (armed forces, Party,

police, railroad and post agencies, etc.). Other public agencies and certain large consumers in the civilian sector, such as hospitals and public utilities, receive global quotas from the National Board. The allocation takes the form of a "decision of consent" (Einwilligungsbescheid). Public agencies having large requirements of textile goods, and industrial plants (for work clothing) receive "special purchase-permits" from the Regional Economic Offices. Most of these permits are marked with a point value and the supplier receives credit for this value in his point account. Cloth for uniforms is sold to the processor against purchase-certificates for uniforms, the supplier keeping a customer list on which is noted the amount of supplies delivered to each customer. Factories producing goods outside the control sphere of the clothing industry receive purchase-permits for rationed textile goods from their own industrial group or similar organization disposing of a global quota of textiles for prescribed purposes.

b. Civilian Supplies. Distribution of finished textile goods among civilian consumers is regulated by means of clothing cards and permits issued by the Economic Offices. Clothing cards are given to each consumer. Special permits are issued upon request, subject to evidence of need and under special conditions, for example the FL-permits for air raid victims. Each clothing-card coupon or point represents theoretically a certain unit of weight, but the National Board establishes a list showing the exact number of points necessary for purchase of a clothing item and designates the type of ration card or permit against which sale is permitted.

c. Point Check Accounts. Each firm in the textile trade has a point account, either with the local point-clearing agency or in the case of large firms, with the central point-clearing agency for clothing. A retailer's point account is

credited with as many points as he has taken from customers in the form of clothing-card coupons or permits and surrendered to the Economic Office. This account authorizes him to draw point-checks up to the amount of his credit in favor of the wholesaler from whom he buys his supplies. In the same way, the wholesaler draws checks in favor of the clothing factory or finishing plant, which in turn replenishes its stocks by issuing checks in favor of the producers of the fabric (weaving and knitting mills). The retailer's account is also debited for any goods imported. Producers do not pass on the points (which are voided at this stage), but are obliged to request a "Hersta" in order to obtain yarns for the manufacture of the fabric.

Before a point-check is accepted by a supplier, it must be confirmed by the clearing agency and credited to his account. Small retailers and artisans, instead of keeping a point-account, may ask the Economic Office to which they surrender coupons and permits received, to confirm point-checks drawn in favor of their suppliers. Such checks are marked "small point-check."